

Chugach Electric Gas Usage

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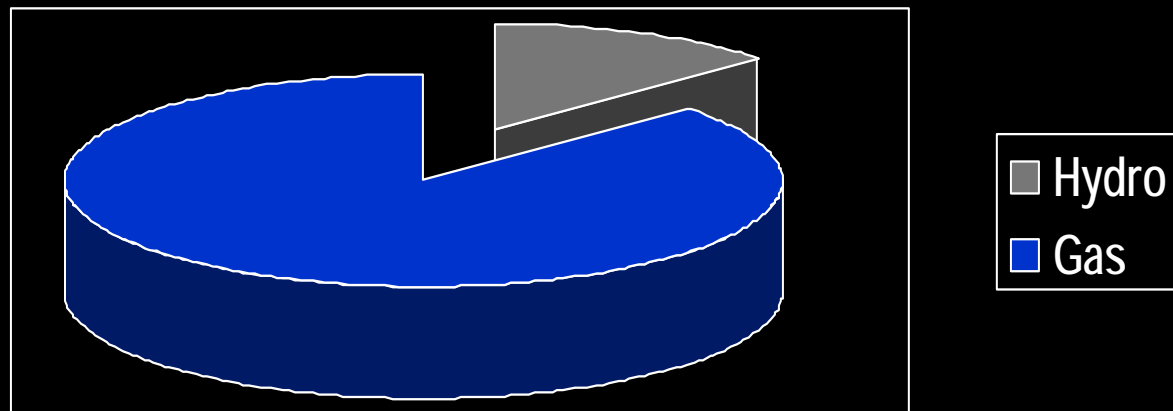
Director, System Control

Topics of Discussion

- Sources of Electricity
- Existing Gas Contracts
- Future Gas Contracts
- Potential Gas Issues
- View of Future

Sources of Electricity

- Highly gas dependent
- Use 26 BCF per year
 - ◆ 12% of Cook Inlet production





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Existing Gas Contracts

- Marathon, CP, Chevron, ML&P
- All requirements
- 122 BCF will last into 2011
- Prices based on three indices
 - ◆ Crude oil futures
 - ◆ CPI – fuel oil
 - ◆ PPI – natural gas
- Current average price \$5/mcf

Future Gas Contracts

- Negotiating with Beluga Producers
 - ◆ 120 BCF reserved – terms TBD
- Negotiating with Marathon
 - ◆ Follow on volumes

Potential Gas Issues

- Deliverability
 - ◆ Peak 160% of average use
 - ◆ Commercial storage not yet developed
- Open access gas operations
 - ◆ In initial development stage

Chugach mitigation plans

- Install new more efficient gas generation
- Investigate wind generation
- Investigate new hydro resources
- Investigate coal generation

View of Future

- Gas will be available in Cook Inlet
 - ◆ New discoveries
 - ◆ LNG imports
 - ◆ Pipeline from the north